Abstract

A preferred embodiment of the present invention comprises a method of creating and managing an index fund based on an index of funds of hedge funds, comprising steps of (a) identifying potential funds for an index of funds of hedge funds; (b) identifying which of the potential funds meet specific criteria selected so as to minimize biases comprising selection bias and survivorship bias; (c) creating an index by indexing funds identified as meeting the criteria; (d) acquiring a portfolio of funds in the index; and (e) allocating capital to funds in the portfolio.

The invention also comprises software to perform the steps of the method described above. In particular, the invention comprises software wherein data regarding potential funds is stored in a database according to object role modeling. A preferred database structure is described.